Contracts Refresher Training Resource Packet

November 28, 2012

North Carolina Public Health
Working for a healthier and safer North Carolina
Everywhere. Everyday. Everybody.

Contract Timeline

210 days from Proposed Start Date
- RFA (if required)

120 days from Proposed Start Date
- COE

90 days from Proposed Start Date
   (external contracts take priority over internal contracts)
- Contracts Unit reviews all info, editing & clarifying if necessary, builds the contract package and logs into DHHS database
- Team Leader approves package
- Sharon Smith/DPH Contracts Manager

60 days from Proposed Start Date
- Budget Office
- Director Designee
- DPH Personnel
- DHHS Personnel
- Public Affairs
- DIRM/Information Technology
- Budget & Analysis
- Procurement & Contracts (30 days)
- Legal ($1,000,000 and over)

30 days from Proposed Start Date
- Budget Office - if Funds Proposed
- To Contractor for signature
- Division Director
- Secretary's final signature (if required)
- NC Grants
- Encumbrance
- Executed Contract to Contractor

Timeliness Compliance

Report by Section

Contracts submitted with Start Dates between 11/1/11 and 10/31/12.

Report pulled on difference between the date contract was submitted and the Start Date of the contract. **(Does not include voided contracts.)**

Timeliness Compliance

Office of Procurement and Contract Services (OPCS) states: A fully executed contract must be signed and dated by the contractor and division director prior to the effective date of the contract and/or before work begins.

- Exceptions must be justified in writing to the director of DHHS Division of Budget and Analysis who must approve any exceptions to this policy.

Office of State Budget and Management (OSBM) states that contract must be executed prior to payment.

- Contracts signed after the effective date require approval from Budget and Analysis (B&A) before the Controller's Office will pay the initial invoice.

Impact on Timelines

These items may increase the timeline from Award to Contract Execution.

- Open Window entry takes time, planning and practice.
- Joint Legislative Commission on Governmental Operations: Committee Meetings for the New Grants Legislation may not be scheduled or your grant may not be approved timely.
- Budget Revisions and validation of Budget Codes may be required – talk to your Budget Officer to minimize delays.
- External Reviews – allow 30 days for each entity to approve.

<u>Attorney General Review of Contracts</u>

Session Law 2012 as amended by Session Law
2011-326 (codified as G.S. 114-8.3)

All agencies, departments and institutions must submit all proposed contracts greater than $1 million to the "Attorney General or the Attorney General's designee" for review

- DOT has separate provision that exempts road construction-related purchases
- UNC has separate provision requiring University General Counsel to review

Originally applied only to term contracts, but S.L. 2011-326 expanded to "all contracts for supplies, materials, printing, equipment and contractual services."

Purpose of AG review is to ensure:

- Contract is in proper legal form
- Contains all clauses required by law
- Is legally enforceable
- Accomplishes its intended purpose
- NOT an assessment or opinion of the "policy merit or lack thereof"

This review will add approximately 30 days to the approval timeline. Get contracts over $1 million in early!

DIRM Review of Contracts

Contracts which include over $5,000 in IT equipment, software purchase or IT related activities require DIRM approval.

> See the IT Questionnaire in Open Window
> (under Worksheets) for all questions.

The Manager of the Vendor Management Section
at DIRM is conducting thorough review of the contract – in whole (not just IT related items)

This review will add approximately 30 days to the approval timeline. Get contracts requiring DIRM approval in early!

Contract Planning Challenges
- Open Window
- Joint Legislative Commission on Governmental Operations

Open Window
- All participants should be an active user in Open Window.
- All users should update their profile to ensure all requested information is complete.
- Prior to the development of contracts, all Contract Administrators/Delegates should:
  - Attend or review the Open Window webinar,
  - Participate in at least one Open Window workgroup, held by Contracts and
  - Be familiar with the Open Window Writing Style Guide:
    https://openwindow.dhhs.state.nc.us/Documents/WritingStyleGuide2010.doc

Budget Office

We cannot emphasize strongly enough how important it is to communicate early with your Business Officer in Budget.

Open communication between Program, Budget and Contracts is the key to moving your contract swiftly through the approval process.

Funding Availability

- **Grant Redirects**
  A redirection is prepared by the program and submitted to the Budget Office for review and Chief Budget Officer's signature. The program then submits the request for a redirect to the grantor. The redirect has to be approved by the grantor before the budget revision can be prepared and approved. Until the budget revision is approved, the contract cannot be executed. The redirect can take up to 30 days for approval by the grantor. The program can improve this process by preparing redirects and coordinating with their Budget Officer as soon as they realize one is needed.

- **Budget Revisions**

  A type 11 revision affects the certified and authorized budgets and has to be approved by State Budget. A 12 type revision affects only the authorized budget and has to be approved by State Budget. A 14 type revision affects only the authorized budget, but is an internal revision and is approved overnight. Individual budget revisions are no longer allowed by State Budget so it takes longer to prepare 11 and 12 type revisions due to the fact that the Budget Office has to combine like type revisions. It would help if the programs planned on the front end when submitting a grant application and classify the categories for contracts correctly.

- **Notice of Grant Award (NGA)**

  Budget cannot sign off until the NGA has been received.

Requirement Accounts

<u>536 vs. 532</u>

536XXX designates an FA contract.

532XXX designates a POS contract.

The 536XXX accounts are to support Aid and Public Assistance contracts as well as Medical and Entitlement payments. The 5321XX accounts are used to support most Purchase of Service (POS) contracts.

When submitting grant proposals/applications the Aid and Public Assistance contracts (536XXX) will be identified in the contracts category. The Purchase of Service contracts (5321XX) will be identified in the other category.

Please include a statement in the narrative of your grant to say: the North Carolina accounting system identifies Purchase of Service contracts in the other category and Aid and Public Assistance contracts as a contract in the contracts category.

Center Codes

Discuss the Center with Budget
- Be sure to use the correct Fund, RCC and FRC for your contract.
- Open Window selects the Fund based on the Service Title entered for that contract.
- Alert your Team Leader of any changes.

Contract Length

- As a general rule, DPH does not permit Multi-Year Contracts for budgeting reasons.
- Use of State Dollars – one penny of State dollars means contract <u>must</u> run on period aligned with the SFY (June 1 – May 31).

Funding Configuration
- In Open Window, Funding Configuration is a choice between Budget Year and Fiscal Year.
- DPH's policy is to select Budget Year configuration for all contracts 12 months or shorter in duration.
- Contracts longer than 12 months should use the Fiscal Year configuration.

Procurement

RFA vs. RFP

RFA	RFP
Informal competitive process that usually results in the award of more than one contract. Applicants do not have formal protest rights.	Formal competitive process that includes the posting of the RFP on the Interactive Purchasing System (IPS) that consists of a purchase, description of the time and/or service required, information on quantities, required delivery schedules, terms and conditions, and fixed cost bid. Offerors have formal protest rights in accordance with 01 NCAC 05B .1519, the Administrative Rule Governing Award Protests.
Applicants are aware of the total potential award amount.	Offerors usually are not aware of the funding amount.
Used when the funding source is acting as flow through for grant funding.	Almost always for Purchase of Services contracts with for-profit agencies.

Sole Source

- A contract for services made without benefit of competitive bidding.
- Sole source contracts should be few and far between.
- Sole Source Justifications with non-public entities must be approved by Contracts Manager prior to COE using the old Justification form: http://publichealth.nc.gov/employees/forms/contracts/multiPackage/JustificationMemo102910.doc.
- Please reference the DPH Sole Source and Fringe Directive (dated 8/20/10) in your handout for more details. The policy may also be viewed by using this link: http://publichealth.nc.gov/employees/forms/contracts/directives/ContractFringeBenefitRatesAndSoleSourceContracts-08-20-2010.pdf

IMOA vs. MOA

An IMOA is an agreement with another division/office within DHHS.
- An IMOA may or may not contain funding.

- Use the IMOA for any agreement with a sister agency within DHHS.
- Note: DPH no longer enters into IMOAs with DIRM; contact the DPH Budget Office for the expedited process.

An MOA is an agreement with a non-DHHS entity where no money is exchanged.

Personal Services

- Personal Service Contract is with an individual.
- Performance Measures requirements are modified (input / outcomes / efficiency).
- Modified Budget (generally includes hourly rates and travel / per diem); there are established guidelines and policy for determining the contractor's rate): http://info.dhhs.state.nc.us/olm/manuals/dhs/pol-70/man/Personal_Services_Contracts1.htm

COE

- **Purpose –** to ensure the contract is needed, ensure contract is performance-based and evaluate past performance of Contractor
- **Timing –** at least 120 days from proposed start date
- **Quality –** should be ready to "present to the Governor"
    - Typos, misspelled words, bad grammar, incorrect calculations in the budget, and sloppy formatting should all be fixed prior to submission to COE.

Contracts

Open Window

- All participants should be an active user in Open Window (OW).
- All users should update their profile to ensure all requested information is complete.
- Prior to entering a contract in OW, all Contract Administrators/Delegates should:
    - Attend or review the Open Window webinar,
    - Participate in at least one Open Window workgroup, held by Contracts.

Writing Style Guide

DHHS Open Window is a highly visible information and management tool. It is viewed and utilized by department, external governmental customers and the general public.

All users must be familiar with the Open Window Writing Style Guide: https://openwindow.dhhs.state.nc.us/Documents/WritingStyleGuide2010.doc

Open Window Updates

Fringe Benefits Section in Contractor Budget
The fringe can now be entered in the same screen as the salary for each staff member on the contract.

Performance Measures
Performance Measures have been changed and split into the Measure Definition and its Value Set. The Definition must be saved before the Value Set can be added. Each has its own Save / Update buttons.

Draft Status
Contracts in Draft status will build – regardless of restrictions.

Spell Check
Spell check has been added to the Budget and Performance Measures section. Be sure to use it prior to saving any new additions in these screens.

Updated Contract and Amendment Forms
Updated Forms and Worksheets for use in conjunction with Open Windows may be found on the Contracts Unit Forms Website under the folder titled, "Open Window Worksheets"
http://publichealth.nc.gov/employees/contracts-forms.htm

- Justification Worksheet
  - Updated to reflect Open Window requirements.

- Scope of Work Override
  - Updated to reflect Open Window requirements and language. This form should be used to override the OW Scope of Work for both the contract and contract amendment.

- Performance Measures Worksheet
  - Updated to assist CAs with OW measures planning and entry.

- Budget Worksheet
  - Updated to reflect Open Window requirements, rounding and decimal limits.

- DPH Contract Entry Guide v.2.0
  - Updated to reflect changes in Open Window through June 2012.

Scope of Work (SOW)

Background
- Defines the primary goal or mission of the program.

Purpose
- Defines the specific purpose of this contract. (If you are using the override, you must include Purpose in the SOW. If you enter the SOW directly into Open Window, the Purpose pulls from the main screen.)

Scope of Work
- Defines Who (population served or impacted: define the number of unduplicated participants).
- Defines What (activities, tasks, services, deliverables)?
- Defines When (timeframes)?
- Defines How (how is the service provided?)
- Defines Where [what is the service area(s)]?

Performance Requirements/Standards
- Defines the expectations and standards to which the Contractor will be held.
- Details any reporting due, timeframes, methods, etc.

Performance Monitoring/Quality Assurance Plan
- Defines how performance will be monitored.
- Defines what happens if performance is below expectation.
- Details corrective action plans designed to address performance.

Reimbursements
- Specify any language necessary, but do not duplicate the payment provision language in the contract cover.

Performance Measures

All DHHS Contracts must be performance-based and include performance measures:

Demand

- Supports the need for the service – What is the problem? Address the nature of the service.
- Defines how many people in Catchment Area need the service.
- The SOW Program Background should include comparison data such as National and State statistics. But the data for the Catchment Area should be entered in the Performance Measures chart.

Definition: Number of females aged 15-24 in Wayne County who are in need of parenting skills and parental self-sufficiency education.
Target Value: 1,820

Input

- Total Contract Budget.
  - Expressed as a Dollar Amount.

Definition: Contract not to exceed amount.
Target Value: $220,000

- FTEs
  - Number of full time staff (full time is defined as 2080 hours annually).
  - Must be prorated.

Definition: Number of Full Time Equivalent (FTE) positions.
Target Value: 1.93

Output

- Defines the services provided under the contract – What steps will be taken to solve the problem?
- Defines how many unduplicated participants will be served.
- All outputs should be entered into Open Window.
- Expressed as a Number or Quantity.

Definition: Number of unduplicated clients who shall be provided parenting skills and parental self-sufficiency education.
Target Value: 330

Outcome

- Defines the results achieved from the contract inputs and outputs.
- Do NOT restate the Output – what happens as a <u>result</u> of the output? What is the benefit of the work?
- Includes short-term and interim results.
- Generally expressed as a Percentage or Rate (some exceptions exist).

Definition: Percentage of participants in prenatal/infant care classes who have increased knowledge of pregnancy/infant care.
Target Value: 80%

Service Quality

- Defined as how well the service was delivered, based on characteristics important to the recipient.
- Used to determine if the Contractor is meeting the expectations of the recipient.
- Takes the form of:
  - Timeliness
  - Accuracy
  - Meeting regulatory requirements
  - Courtesy

Definition: Percentage of training and educational materials utilized that are developed at or below the 6th grade reading level.
Target Value: 100%

Efficiency

- The cost per unduplicated participant who receives program services.
  OR
- The cost per result (such as an evaluation or a study).
- Expressed as a dollar amount.

Definition: Cost per unduplicated participant.
Target Value: $666.67

Common Thread

- Performance measures should relate to one another.

- The Demand expresses the need which is fulfilled by the actions in the Outputs which lead to results in the Outcomes.

- The Efficiency breaks down the Input per participant defined in the Output.

Open Window Measure Elements

State Budget Year or Fiscal Year: The year in which you are managing the performance. Must match funding configuration selected. If more than one year was entered, two sets of measures must be entered – one for each year.

Measure Type: The type of measure that you are measuring. The choices are demand, input, output, outcome, quality and efficiency.

Preferred Trend: Indicates the desired performance direction. Indentifies whether actual performance that is higher or lower than targeted performance is desirable. The selection choices are increase, decrease, or maintain the same.

Measure Frequency: The frequency in which you intend to report on the performance results of measure. How often the information needs to be reported? The choices are monthly, quarterly, semi annually and annually.

Measure Definition: The quantifiable definition of the measure. This quantifies the performance and tracks and/or reflects progress towards goals and targets.

Baseline: The level of performance at the beginning of the measurement or planning process. The baseline and baseline data indicate the starting point necessary to develop appropriate performance targets for the measure. Baseline should never be "0" even for a new contract. Enter the beginning performance expectation. Baselines should NOT change from year to year. When renewing a contract, baseline should remain the same. Please contact the Contracts Unit to discuss any changes that have a major impact on the baseline.

Target: The desired level of attainment of the identified performance measure. It can also be described as the desired or the desired and measurable and incremental level of performance tied to the measure that should be reached within a specific timeframe. Measures degrees of progress toward outcomes. Established from baseline data. Expressed as a numerical value of performance measure. Targets should not be established without baseline data.

Actual: The achieved, quantifiable results of the activity that the measure is addressing for the specified reporting frequency. This is not entered at time of contract entry, but filled in later as part of contract close out.

Data Source: The source is a valid entity from which the data are obtained, usually a database, tracking, case management system, survey, questionnaire, pre-test/post-test or other mechanism. Data sources may also include Organization(s) and their system that conducts the data collection effort for DHHS or the specific service such as a federal database, or activity implementing agencies.

Be as specific about the source as possible, so the same source can be used reliably and routinely. Switching data sources for the same measure over time can lead to inconsistencies and misinterpretations and should be avoided.

- For example, switching from estimates of infant mortality rates based on national sample surveys to estimates based on hospital registration statistics can lead to false impressions of change.

Data Source Examples:
- Government data and statistics (e.g., 2010 US Census Data)
- Professional Organizations (e.g., March of Dimes Global Report on Birth Defects, 2006)
- Agency Database (e.g., NC Teen Pregnancy Prevention Initiatives Adolescent Pregnancy Prevention Database)
- Individual Case Records/Case Management Systems (e.g., Individual Patient Charts, Surveillance Epidemiology and End Reports (SEER) Data)
- Budget Documents, Performance Reports (e.g., Contract Expenditure Reports, Quarterly Progress Reports)
- Billing System/Claims Payment System (e.g., North Carolina Accounting System)
- Registration Systems/Patient Tracking system (e.g. Emergency Department Information System)
- Websites (e.g., www.fedstats.gov)

Collection Process and Method of Calculation: The description of the process for generating or bringing together the data and information that has been systematically observed, recorded, organized, categorized, or defined. Method of calculation is a description of the overall analytical process or approach to compute data results. The description of a measure's calculation must describe detailed enough to allow replication.

Examples:

- Mail questionnaires; Personal interview
- Census, Sample surveys
- Program specific forms, Manual tallies, Computer Spreadsheets
- Monitoring device connected to patient
- Contractors make observation and record treatment, Discharge information was phoned to the admissions office and entered into the system by clerks
- Specialized registries such as patient registration and claims transaction

Collection Frequency: The collection frequency is how often the data is gathered or collected for analysis or computation. This is key information to have, particularly when the collection process and collection frequency is from a national source that collects and calculates in excess of a year.

Data Limitations: Describes/identifies any limitations about the measurement data, including factors that may be beyond the division's or department's control.

Explanatory Notes: This section should be used to describe any clarifying points or unique circumstances about any part of the performance measure or process.

Measure Standards

Because reports will be run from Open Window (e.g., Fiscal Research requests), the Performance Measures should be similar in their formatting and should include the same kind of information in the same place for each contract. This is especially critical when entering multiple contracts for one Service as they are likely to be run in a report format for comparison.

When writing the **measure definition**, think about the target value for that particular measure. Is it a number or percentage? What is the target, exactly?

> **Example:**
> If the Contractor is going to hold three education sessions for healthcare professionals about the importance of folic acid during pregnancy, the measure definition for an output measure should be written as:
>
> Number of prenatal folic acid education sessions that shall be provided to healthcare professionals.

When entering the **baseline and target values**, enter only the number with the appropriate symbol (e.g., $ or %) when applicable.

> **Example:**
> Using the same example of folic acid trainings, the target value should be entered as: 3

When writing the **collection process and calculation**, explain how the Contractor is capturing, measuring and reporting the data you are listing as a measure.

> **Example:**
> Using the same example of folic acid trainings, the collection process and calculation should be written as:
>
> Contractor records each training activity and includes the time, date, location, names of presenters and an attendance roster. These training records are included in the monthly reports and annual tallies are included on the final report. Contractor submits monthly reports via email to the Program Manager and the reports are reviewed during site visits to the agency.

When writing the **collection process and calculation for the Efficiency Measure**, you should also include the actual calculation based on the target values.

> **Example:**
> Using the same example of folic acid trainings, where 600 unduplicated healthcare professionals receive the training, the collection process and calculation for the efficiency measure should be written as:
>
> $50,000 / 600 unduplicated participants = $83.33 per unduplicated participant. Contractor submits Contract Expenditure Reports and expenditures are recorded by NCAS. Contractor submits final reports to Project Monitor at the Communicable Disease Branch which report the number of unduplicated participants served.

Amendment Measures
When writing measures for Amendments, the following must be considered:
- Is this a new requirement?
  - Simply add the measure in the same formats outlined previously.

- Does this add to / subtract from an existing requirement?
  - Need to qualify the difference within the output measure definition.

Example of a new requirement:
Definition: Number of diabetes screenings provided.

Target: 10

Example of an addition to an existing requirement:
Definition: Number of unduplicated participants served. (Original total = 500. Amendment total = 250. Total combined = 750 unduplicated participants.)

Target: 250

Amendment Input Measure:
- If it is a reduction, include parentheses around the amount to indicate that it is negative, e.g., ($5,000)

Amendment Efficiency Measure:
- Include only the amendment amount and divide it by the amendment deliverables.
- Again if it is a reduction, include parentheses around the amount.

<u>Contractor Budget</u>

Cost Negotiation

- **Costs should be reasonable and prudent.**
- **The entire budget is negotiable.**
- **Examples of items to be negotiated include:**
  - **Fringe Benefits** – state agencies must be within the approved guidelines.
  - **Conference Travel** – may not exceed state rates; double occupancy is an option; Contractor may use non-DPH funding sources for travel.
  - **Incentives** – should not be the bulk of the budget.

Audits
- Audit costs are NOT allowed on POS contracts.
- Per NCGS 143C-6 Part 3, only Level 3 grantees are required to submit a "yellow book" or A-133 audit.
- Level 3 grantees are non-governmental agencies that receive $500,000 or more in <u>grant</u> funds, directly from the State.

- Only Level 3 grantees may include audit expenses in the budget. Audit expenses should be prorated based on the ratio of the grant to the total pass-through funds received by the entity.

Indirect Cost
Per NC DPH Policy, Indirect costs
- May not exceed 10% of the total direct cost;
- May not be charged when it is unallowable by Contractor's Indirect Cost Letter, program legislation, the procurement process (RFAs/RFPs), or the grant itself.

If indirect cost is requested, appropriate documentation is required, which consists of either:
- A copy of the indirect cost approval letter to the contractor from the cognizant federal agency, or
- A letter from a certified public accountant that establishes this rate for the agency.
- It must be insured that the CPA establishing the rate is not associated with the audit firm that conducts an audit of the entity's records.
- The indirect cost rate needs to be established based on the Code of Federal Regulations applicable to the type of organization as indicated below:

Code of Federal Regulations

State, Local and Indian Tribal Governments:	2 CFR Part 225 & ASMB C-10
Educational Institutions:	OMB Circular A-21
Hospitals:	45 CFR Part 74
Private Non-Profit Organizations:	2 CFR Part 230
For Profit Organizations (other than hospitals):	48 CFR Part 31

The Indirect Cost Rate letter must include:
- Type of Indirect Cost rate;
- What costs the rate applies to;
- The approval period of the Rate; and
- A statement that the rate is established in accordance with the applicable federal circular.

State Rates

Mileage through Dec. 31, 2012: $0.555/mile
Mileage effective Jan. 1, 2013: $0.565/mile

State Rates as of 7/1/11 (still current):

Breaks: $4.50 per person

	In-State	Out-of-State
Breakfast	$ 8.00	$ 8.00
Lunch	$10.45	$10.45
Dinner	$17.90	$20.30
Lodging	$63.90	$75.60

Salary & Fringe

- Follow the Budget Worksheet and Open Window guidelines for entering all details of Salary and Fringe for your contract and Contractor.
- Enter the annual amounts and the amounts will be prorated per the number of months and percent of time worked on the contract.

UNC System Department-approved fringe rates

- The UNC System has negotiated fringe rates with DHHS.
- Please ensure that all fringe with regard to UNC System contracts meets or is less than the approved rates. Contact your Team Leader if you need a copy of the UNC System approved fringe document.

FICA

Federal Insurance Contributions Act

(FICA) is a U.S. law requiring a deduction from paychecks and income that goes toward the Social Security program and Medicare.

Employer-paid portion of Social Security = 6.2%

Employer-paid portion of Medicare = 1.45%

Total employer-paid FICA = 7.65%

However, there is a SALARY CAP on Social Security.

Social Security Salary Cap / Wage Base

The Social Security Salary Cap (also known as Wage Base) is the maximum earned gross income on which a wage earner's Social Security tax may be imposed.

Currently, a maximum of $110,100 in annual wages may be taxed at 6.2% for Social Security.

This means that ANY staff on a contract whose annual salary EXCEEDS $110,100, their annual Social Security portion of FICA must be calculated at $6,826 (or $110,100 x 6.2%).

(Medicare, however, is taxed at the total salary – there is no cap.)

Please note that the Salary Cap will change to $113,700 effective 1/1/13.

Excessive Fringe

Per DPH Policy:

- If the annualized rate/cost for health insurance is **equal to or greater than $8,000**, the Contractor must provide proof of premium amounts/payments per employee and the amount the agency contributes for each.
  - Note: sensitive and/or confidential information on the premium statements may be redacted.

- If the total percent of fringe benefits (excluding health insurance) exceeds 20%, the Contractor must provide their fringe benefits package.
- The directive explaining this policy may be viewed by using this link: http://publichealth.nc.gov/employees/forms/contracts/directives/ContractFringeBenefitRatesAndSoleSourceContracts-08-20-2010.pdf

Fringe Justification

- Detail the ANNUAL amounts or percents used for each fringe benefit, including, but not limited to:
    - FICA
    - Retirement/401K
    - Health/Medical
    - Unemployment Insurance
    - Worker's Comp Insurance, etc.
- UNC Staff should be identified as Physicians, University Employees, State Employees or Graduate Students (E.g., EPA, SPA)

Cost Justification

- Provide a cost justification for each line item with calculations.
- Budget Narrative should link the detailed budget to the proposed activities set out in the SOW.
- Activities should not be described in the Budget Narrative, but rather the SOW.

Points to Remember

- Allowable Expenditures must follow the rules of the grant/legislation.
- Gift cards as incentives must include card tracking language.
- Absolutely **NO** usage of the **HOT** words such as: catering, celebrations, consultants, flowers, honorariums, parties, rallies, holidays, etc.
- Arithmetic errors – program staff must check behind the contractor.
- State Reimbursement Rates – should NOT be exceeded in the budget. Prior approval is required for exceptions to lodging rates.

Prorating Expenses

If an agency has contracts across the Division or even the State, shared expenses must be prorated accordingly.
- Rent can be allocated by FTE or by actual sq. ft. used in contract implementation.
- Audits, general equipment purchases and rentals, utilities, etc. must be prorated across all contracts.

Budget Realignments

- Budget Realignments will be handled as "mini" amendments in Open Window.
- Programming in Open Window has not yet been finalized.
- Continue to use the manual Budget Realignment form to document and approve realignments.
- Once OW is ready, Budget Realignments must be consolidated and entered into the system.

<u>**Encumbrance and Payments**</u>

PO/NCAS Numbers

The PO numbering system now mimics the
Open Window contract number.

Financial Assistance (FA) contract PO numbers begin with **16001** followed by the five digit Open Window contract number.

Purchase of Service (POS) contract PO numbers begin with **20041** followed by the five digit Open Window contract number.

CER Template

Please make sure that a new template is provided to Contractors with each new contract that shows the correct Contract number, Purchase Order number, GL Account and GL Center information.

Failure to update this information could result in a delay in payment to your Contractors.

The latest revisions of forms are on the Contracts Unit website.

Expenditures

- CERs are due by the 10th day of the month following the service period.
- CERs must be for actual expenditures, and as such cannot be accepted before month end.
- A Late Payment Exception Request must accompany any CER that is presented for payment over 30 days past the end date of the contract. (UNC System has 60 days.)
- Contracts signed after the effective date require approval from B&A before the Controller's Office will pay the invoice.

Change Request Form

- The Change Request Form is used for both encumbrance and code changes.
- Please provide a valid reason for the change request.
- The information listed on the form must be accurate.
- The CFDA and Award numbers for Federal funds must be listed for tracking purposes.

Suspension of Funding List

- The Suspension of Funding List (SOFL) is updated weekly by the Office of State Budget and Management and can be found on their website.

- Contractors usually appear on this list because they have not submitted the reports required by Item No. 10 of the general contract cover, "Notice of Certain Reporting and Audit Requirements".
- No Contractor will be reimbursed for their expenditures nor can we execute a contract with the entity while they are on the SOFL.

Overpayments to Contractors

Occasionally, contractors make errors on their CERs which result in an overpayment.

- These errors are sometimes found in a timely manner, or can be well after a contract has ended as a result of an internal audit.

- Every check received for overpayment needs to also have a new, revised CER and a copy of the original CER where the overage occurred.

- Please obtain all required Program signatures on the new, revised CER and forward to the Contracts Unit along with a copy of the original CER and a copy of the check.

- Please send copies of the original and revised CERs along with the Original check to Juanita Green in the Budget Office.

Contract Close Out

- Notify the Encumbrance Officer when contracts with a remaining balance can be closed in NCAS.
- Report Actuals under the Performance section in Open Window within 60 days of end date.
- Future plans are for contracts to automatically close in Open Window 90 days after the end date.
    - Notify your Team Leader if you have an exception.

Additional Training

Contracts 101
Power Point Presentation available on DPH Contracts website under the heading Training then Contracts:
http://publichealth.nc.gov/employees/contracts-forms.htm
Formal Session TBD

Open Window Webinars (DHHS)
You must be logged into Open Window to view:
https://openwindow.dhhs.state.nc.us/default.aspx?pid=hlp_webinarhelpmodule

Open Window Workgroups:
Contracts Team Leaders will train Contract Administrators in Open Window. Email your Team Leader to request inclusion in a workgroup. When a workgroup is not feasible, one on one assistance may be provided.

Helpful Website Addresses

NC DPH Contracts Unit:
http://publichealth.nc.gov/employees/contracts-forms.htm

NC DHHS Procurement & Contracts COE:
http://coe.dhhs.state.nc.us/Default.aspx

NC DHHS Open Window:
http://dhhsopenwindow.nc.gov/

NC Grants:
www.ncgrants.gov

NC OSBM (for the SOFL):
http://www.osbm.state.nc.us/

NC Secretary of State (Private Sector):
www.secretary.state.nc.us/Corporations/CSearch.aspx

Office of the State Auditor:
www.ncauditor.net

NC Dept. of Administration Debarred Vendors List:
http://www.pandc.nc.gov/actions.asp

Federal System for Award Management (SAM)
(home to the now defunct systems: CCR and EPLS)
https://www.sam.gov/portal/public/SAM/
Joint Legislative Commission on Governmental Operations 2011-2013 Procedures:
http://www.ncleg.net/documentsites/committees/govops/General%20Information/2011-2013%20Reporting%20Guidelines%20and%20Procedures.pdf

NC General Assembly's Email List Server:
http://www.ncleg.net/gascripts/Committees/Committees.asp?sAction=ViewDLForm&sActionDetails=Non-Standing

DHHS Personal Service Contracts Policies:
http://info.dhhs.state.nc.us/olm/manuals/dhs/pol-70/man/Personal_Services_Contracts1.htm

THANK YOU for ATTENDING!